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HEADQUARTERS

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November 15, 2022

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Supply Discrepancy Report Process Review Committee Meeting 22-02, November 15, 2022

This memorandum forwards the attached minutes of the Supply Discrepancy Report Process Review Committee 22-02 meeting for your information and action as appropriate.

The Defense Enterprise Data Standards Office point of contact is Mr. Ben Breen, e- mail [Benjamin.Breen@dla.mil](mailto:Benjamin.Breen@dla.mil).

Attachment

As stated,

DISTRIBUTION:

ODASD(Logistics)

SDR PRC

Attendees

**Minutes from Supply Discrepancy Report Process Review Committee Meeting 22-02, November 15, 2022**

**1. Purpose:** The Defense Enterprise Data Standards Office (DEDSO) convened a virtual meeting of the Supply Discrepancy Report (SDR) Process Review Committee (PRC) via Microsoft Teams and teleconference on November 15, 2022. Specific discussion topics are noted below. The meeting agenda, briefing material, action item tracker, and evidential matter are available on the SDR PRC web page archive: <https://www.dla.mil/SDRPRC>.

**2. Brief Summary of Discussion**: Mr. Ben Breen, DoD SDR Administrator, facilitated meeting discussions. The action item tracker contains the resulting action items. Action items are due within 30 days from the publication of these meeting minutes unless otherwise noted.

**3. Opening Remarks:** Mr. Breen provided opening remarks and introduced Nelson Alvarez, Acting Division Chief, DEDSO, in his absence. Jan Mulligan, Office of the Deputy Assistant Secretary of Defense for Logistics (ODASD(L)) provided opening remarks and welcomed the meeting stakeholders. Ms. Mulligan highlighted that we are here to support Warfighters, and that the Pre-Positioned Materiel Receipt (PMR) issue has been noted for a while, remaining a DoD wide problem. Ms. Mulligan stated the importance of resolution to improve efficiency and audit readiness.

**4. Meeting Topics:** The SDR PRC informed stakeholders about the ongoing efforts and status on several important topics impacting DoD Components. As part of the meeting, DEDSO elicited topic inputs from the PRC members. These topics were:

* Custodial Receiving - DLA, Presenter: Jim Weiner
* Approved DLMS Change (ADC) 1411 Discontinue Credit/Replacement for Constructed Document Numbers - DLA, Presenter: Steve Nace
* Wrap Up/Action Items

1. **Agenda Topic 1** **– Custodial Receiving**

**Lack of Receiving Pre-Positioned Material Receipt (PMR) and Unidentifiable Materiel Holding Routing Identifier Code (RIC) SAM Pilot​**

Jim Weiner, Inventory Management and Supply Systems Analyst at DLA Headquarters, provided background focused on the initial receipt of goods into the DLA system in an auditable environment. The mission of DLA Distribution is to receive, store and ship materiel for numerous customers. When materiel is received without DLMS 527D (PMR) and/or the DLMS 856 Advance Shipment Notice (ASN) (Wide Area Workflow - WAWF) at time of shipment, which is required, it creates situations that require the receiver to manually try to identify the item, as well as determine the owner of the materiel based off paperwork received (if any).

**Shipment Preparation Process**

Mr. Weiner briefed that DoD Regulation(s) of the shipment preparation process dictate that the shipments are prepared in a manner ensuring the recipient can clearly define the intent of the shipment, the item(s) contained in the shipment, and the owner’s account the item is to be posted to. Mr. Weiner asserted that the use of the DLMS 527D (PMR) and use of the DLMS 856 (ASN) at time of shipment is required and will eliminate unidentifiable materiel receipts upon arrival to DLA Distribution. Additionally, all required supporting documentation and marking identification must be displayed properly both inside and outside packaging per MIL-STD 129.

Mr. Weiner stated that lack of any of these actions results in frustrated shipments, receipt errors, increased costs, and financial policy violations. Mr. Weiner reiterated that receiving starts at shipment preparation.

In conclusion, Mr. Weiner stated the DLMS 527D (PMR) and use of the DLMS 856 (ASN) are an integral part of the receiving process. Without these transactions valuable data is lost and additional resources are expanded to process the shipments. This decreases efficiency, accuracy, and increases audit risk. Mr. Breen concurs with Mr. Weiner's assessment, stating that a resolution is essential for Financial Improvement and Audit Readiness (FIAR) audits as well as supporting the Warfighters.

Service and Component response and feedback on the brief:

* Navy - Shaun Click is tracking at Navy. Mr. Click concurs with brief, and has been reviewing PMR data, evaluating if Navy can come up with a plan.
* Army - The correct SDR personnel did not make this meeting, cannot provide comments relative to this issue. Suggests reaching out to Yolanda Johnson.
* Air Force - Agreed to have the correct personnel to start attending these discussions going forward.
* United States Marine Corps - No response.
* Defense Contract Management Agency- No response.
* OSD - Ms. Mulligan commented that Mr. Weiner has the Office of the Secretary of Defense's full support. Ms. Mulligan is willing to escalate to the Logistics Executive Steering Committee (LESC). Ms. Mulligan stated since there are also financial impacts, there is another potential process, which is the Joint Logistics Requirement Board. There are two paths to elevate, based on PRC recommendation & policies which need to be changed.

**Action Item 1:** DEDSO to coordinate a meeting with the WAWF team to review ASN destination vs. origin inspection data.

**Action Item 2:** DEDSO will coordinate and identify the correct points of contact to establish a DoD Integrated Process Team (IPT) to address the lack of DLMS 527D (PMR) and DLMS 856 (ASN). Primary/alternate list to kick off meeting early 2023.

1. **Agenda Topic 2** **– ADC 1411 Discontinue Credit/Replacement for Constructed Document Numbers.**

**Return of Materiel Related to Constructed Document Numbers (ADC 1411)**

Steve Nace, DLA Technical & Quality Assurance Division (DLA J344) briefed the group on return of materiel related to constructed document numbers. ADC 1411 removed the ability to provide credit/materiel replacement when referencing a constructed document number. This process is resulting in an increase in Component requests for returning materiel upon completion of quality related investigations. Increased requests prompted questions on three focus areas.

Mr. Nace posed questions to the attendees in advance of the meeting, to determine if a proposed change will require the originator of a SDR or Product Quality Deficiency Report (PQDR) to inform the action activity of whether they want the materiel returned upon completion of the investigation. Each Component provided responses with overwhelming agreement to the proposed change with additional comments and input.

Ultimately, attendees believed that there should be some type of mechanism/guidance that informs the originator that the customer submitting an SDR/PQDR should have the ability to have the materiel return if requested.  Mr. Breen clarified that this only applies when submitters use constructed document numbers for SDRs/PQDRs, and we are not requesting this information be provided in every SDR/PQDR.

Secondly, Mr. Nace asked attendees who would be responsible to pay for return shipping on these returns. Each Component provided input on who should be responsible for paying the return shipment costs with varying degrees of perspective as shown below:

* Army PQDR Community:  Given DLA had requested the materiel for the PQDR investigation, then DLA should pay for its return.
* USASAC (FMS SDRs):  Foreign Military Sales (FMS) uses transportation reimbursements (information attached). According to the attachment- Reimbursements to the FMS customer will be paid from the FMS Transportation Account (L009) and Packing, Crating, and Handling (PC&H) Account (L081).
* Marine Corps PQDR:  Source of supply or the person who made the error.  User fault vs. manufacturer
* Navy SDR/PQDR:  If the action point determines they are not the crediting activity agrees there is a discrepancy and requests the exhibit for repair or replacement, the action point will handle the shipping charges to receive the exhibit; to ship exhibit to/from the vendor, and to ship the exhibit back upon originators request.
* Air Force SDR:  After the investigation, as mentioned in question 1, the responsible and/or at fault party should be responsible to pay for the return shipping.
* DLA SDR/PQDR:  This should be dependent on who was responsible for the defect.

Mr. Click, Navy SDR PRC Representative, stated that he felt that it would be the action point’s responsibility as the requestor for the materiel return. Mr. Nace responded by saying that there are different entities that could be responsible.

Lastly, Mr. Nace asked the attendees about payment responsibilities for disposal and should that responsibility change dependent on the previous question. Components provided varying responses in line with their previous responses. In the case of Security Assistance or Foreign Military Sales, for example, customers are responsible for local disposals. Others conveyed that the responsible party could vary if the manufacturer is found at fault.

Mr. Nace provided metrics of constructed requisition number breakdown for PQDRs received during calendar year 2022. Several categories were included in the metrics with varying degrees of PQDRs indicating if they did or did not reference a constructed document number.

**Action Item 3:** Steve Nace and Ben Breen to discuss with impacts of financial responsibility with Comptroller/Finance.

1. **Meeting Wrap-Up**

Mr. Breen reviewed the three outstanding action items from today’s meeting during the meeting wrap up discussion.

Mr. Breen opened discussions to all attendees for any additional questions/concerns before the end of the meeting. DEDSO will collaborate with stakeholders in the development of requirements and will host additional meetings as necessary.

The meeting minutes will be posted to the DoD SDR PRC webpage archive section using a secure link.

**Next Meeting**: The DEDSO team thanks all attendees for their participation, enthusiasm, and continued support. The next SDR PRC meeting is tentatively scheduled to be held in the Spring of 2023.